

US Business Newsletter, November 2023

US economic growth for last quarter is revised up to a 5.2% annual rate

Shrugging off higher interest rates, America's consumers spent enough to help drive the economy to a brisk 5.2% annual pace from July through September, the government reported in an upgrade from its previous estimate. The government had previously estimated that the economy grew at a 4.9% annual rate last quarter. Consumer spending, the lifeblood of the economy, rose at a 3.6% annual rate from July through September — still healthy but a downgrade from the previous estimate of 4%. Private investment surged at a 10.5% annual pace, including a 6.2% increase in housing investment, which defied higher mortgage rates.



Source: <https://apnews.com/article/economy-growth-inflation-gdp-consumers-spending-rates-4bbedd16f8a8d45afdfc4c3bc1812605>

Stocks, Bonds Soar After Inflation Data

The stock market rallied strongly as new inflation data indicated a slower-than-expected rise, boosting confidence that the Federal Reserve might stop raising interest rates, fueling gains across stocks and government bonds. This unexpected drop in inflation eased fears, resulting in a sharp market climb, with the S&P 500 and Nasdaq Composite marking significant gains for the month and investors shifting focus to potential further growth.



Source: <https://www.wsj.com/finance/stocks/global-stocks-markets-dow-news-11-14-2023-e3ba8626>

Meta Strikes Deal to Return to China After 14 Years

Meta Platforms has struck a preliminary deal with Tencent to sell a new, more affordable version of its virtual-reality headset in China exclusively through Tencent, marking Meta's return after 14 years of being blocked in the country. The deal aims to tap into a major market, providing a VR device with cheaper lenses and a more advanced graphic processing unit while dividing device sales and content revenue between the two companies.



Source: <https://www.wsj.com/tech/meta-strikes-deal-to-return-to-china-after-14-years-9c6012a9>

Apple and Disney Among Companies Stopping Ads on X

Major entertainment companies, including Disney, Warner Bros. Discovery, Paramount Global, NBCUniversal, and Lions Gate Entertainment, have paused advertising on Elon Musk's social-media platform, X, following Musk's comments on an antisemitic post and his ongoing conflict with the Anti-Defamation League. This move exacerbates business challenges for X, which has faced declining user numbers and revenue under Musk's leadership, leading to a backlash from advertisers and organizations combating antisemitism.



Source: <https://www.wsj.com/business/media/disney-lions-gate-pause-ads-on-x-after-musk-agrees-with-antisemitic-tweet-641c3ea4>

Natural-Gas Pipelines Are Old. Will Regulators Let Utilities Invest in Them?

Utilities like PG&E, Consolidated Edison, and Public Service Enterprise Group propose hefty investments to maintain aging natural-gas pipelines, but Democratic state regulators are cautious, fearing future financial burdens and concerns over continued gas use. As some states and cities push to restrict natural gas usage for climate goals, regulators are urging efficient spending on gas infrastructure while promoting transitions to electric alternatives amid climate change concerns.



Source: <https://www.wsj.com/business/energy-oil/natural-gas-pipelines-are-old-will-regulators-let-utilities-invest-in-them-cb0fdce6>

FAA Clears Boeing 737 Max 10 Jet for Test Flights

The Federal Aviation Administration has approved Boeing's 737 MAX 10 for key flight tests, marking progress toward its commercial service expected next year. Despite recent setbacks and delays in getting new planes into service, Boeing's focus on the MAX 10 signifies a significant milestone for the company amidst ongoing efforts to secure certifications for other jet models like the MAX 7 and 777X.



Source: <https://www.wsj.com/business/airlines/faa-clears-boeing-737-max-10-jet-for-test-flights-e8ad215f>

OpenAI's New Board Takes Over and Says Microsoft Will Have Observer Role

OpenAI underwent a significant leadership shift, with a new board stepping in and prioritizing stabilizing the company following CEO Sam Altman's abrupt firing. The board aims to restore confidence among employees, customers, and investors while investigating the circumstances around Altman's ousting, indicating a commitment to OpenAI's mission amid the recent upheaval.



Source: <https://www.wsj.com/tech/ai/openais-new-board-takes-over-and-says-microsoft-will-have-observer-role-50e55b73>

Apple Pulls Plug on Goldman Credit-Card Partnership

Apple is ending its credit-card partnership with Goldman Sachs, signaling a quick turnaround from a once-promising venture and leaving questions about a potential replacement issuer. This move marks a setback for both companies, with Apple's services business taking a hit and Goldman refocusing on its core clientele after setbacks in diversification efforts.



Source: <https://www.wsj.com/finance/banking/apple-pulls-plug-on-goldman-credit-card-partnership-ca1dfb45>